

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 AID-05 OMB-01 /024 W

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R 072117Z JUL 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 0000

USDA WASHDC

LIMITED OFFICIAL USE SANTO DOMINGO 3293

E.O. 11652: N/A

TAGS: EFIN, DR

SUBJECT: GODR REQUEST FOR CCC CREDIT

1. DR. RICARDO RICOURT, EXECUTIVE DIRECTOR OF INESPRE, GODR ENTITY RESPONSIBLE FOR BASIC COMMODITIES IMPORTS, HAS AGAIN REQUESTED THAT WE EXTEND THREE-YEAR CCC CREDIT LINE TO DR FOR PURCHASING DR REQUIREMENTS OF US CORN AND CRUDE DEGUMMED SOYBEAN OIL FOR REMAINDER OF CY 1976. SPECIFIC CREDIT REQUESTED IS \$4.5 MILLION FOR PURCHASING 30,000 MT US NO. 2 OR NO. 3 YELLOW CORN OF WHICH 6,000 MT EACH MONTH WOULD BE DELIVERED FROM AUGUST THROUGH DECEMBER; \$4.0 MILLION FOR PURCHASING 8,000 MT CRUDE DEGUMMED SOYBEAN OIL TO COVER NEEDS THROUGH REMAINDER CY 1976. TOTAL CREDIT REQUESTED IS THUS 8.5 MILLION.

2. REVIEWING THE EMBASSY'S UNDERSTANDING OF THE BACKGROUND OF THE GODR REQUEST FOR CCC CREDIT, GODR OFFICIALS RETURNED FROM WASHINGTON IN JUNE 1975 BELIEVING THAT THEY HAD RECEIVED A COMMITMENT FOR \$40 MILLION OF THE \$70 MILLION CCC CREDIT WHICH THEY HAD REQUESTED. PARAGRAPH 3 OF 75 STATE 148542 CONFIRMED THIS UNDERSTANDING OF THE DOMINICANS THAT ALL THEY HAD TO DO WAS GET A COMMERCIAL LETTER OF CREDIT. ONLY \$20 MILLION CREDIT, HOWEVER, HAS SINCE BEEN EXTENDED.

3. ARREAGES IN PL-480 DEBT PAYMENTS HAVE BEEN A FACTOR IN WASHINGTON'S CONSIDERATION OF GODR'S REQUESTS FOR CCC CREDIT. HOWEVER, IN SPITE OF OPERATING ON THE NARROWEST OF MARGINS IN FOREIGN EXCHANGE HOLDINGS (AS LOW AS ONE OR TWO WEEKS' WORTH OF LIMITED OFFICIAL USE

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IMPORTS), AND IN SPITE OF AN ANTICIPATED SUBSTANTIAL BALANCE-OF-

PAYMENTS DEFICIT THIS YEAR (SEE SANTO DOMINGO 5616 OF DEC. 29, 1975), THE GODR IS MEETING ITS COMMITMENT TO PAY OFF ITS OUT-STANDING PL-480 ARREARAGES ACCORDING TO A SCHEDULE ARRANGED WITH THE EMBASSY.

4. DOMINICAN AGRICULTURAL PRODUCTION HAS REBOUNDED SOMEWHAT IN 1976 BUT THE 1975 DROUTH HAD REDUCED PRODUCTION DRASTICALLY AND IT MAY TAKE ANOTHER YEAR TO RECOVER COMPLETELY FROM THE EFFECTS. IN LIGHT OF THE COUNTRY'S SUBSTANTIAL FOOD NEEDS AND ANTICIPATED BALANCE-OF-PAYMENTS DEFICIT THIS YEAR, THE EMBASSY STRONGLY RECOMMENDS THAT THE REQUEST RECEIVE FAVORABLE CONSIDERATION.
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Automatic Decaptioning: X
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Draft Date: 07 JUL 1976
Decaption Date: 01 JAN 1960
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Disposition Authority: ullricre
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Margaret P. Grafeld
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